



FISCAL MEMORANDUM

HB 1865 - SB 2663

February 27, 2022

SUMMARY OF BILL AS AMENDED (014067): Requires a local education agency (LEA) to grant a high school student credit for certain courses if the student attains a qualifying score on a credit assessment. Requires the Department of Education (DOE) to develop credit assessments for certain subjects and make them available to LEAs. Establishes certain reporting requirements for LEAs. Requires the State Board of Education (SBE) to determine the qualifying score for each credit assessment.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures - \$504,200/FY22-23 and Subsequent Years

Increase Local Expenditures - \$525,000/FY22-23 and Subsequent Years*

Other Fiscal Impact - Expenditures related to developing credit assessments do not exceed the annual maximum liability in the contract with NCS Pearson, Inc. Therefore, it is reasonably estimated that DOE's budget will have sufficient funds and will not require an additional budget appropriation to cover the additional state expenditures.

Assumptions for the bill as amended:

- A "credit assessment" is designed to be administered prior to course enrollment and to allow students to demonstrate competency in a subject.
- The proposed legislation requires DOE to develop credit assessments for English 1, Algebra 1, and Integrated Math 1 free of charge.
- Credit assessments for foreign language courses are required to be nationally normed and may be chosen by the LEA.
- It is estimated that each credit assessment test will contain an average of 50 items and may be administered in either a paper or computer-based format.
- DOE will be able to use an existing assessment development and administration contract with NCS Pearson, Inc. to develop the required credit assessments.
- It is assumed that DOE will develop credit assessments such that:
 - Only one version of each test will be created;
 - The paper format will consist of the printing of a single subject-area test book and answer document;

- One percent of tests will be paper-based and 99 percent will be computer-based; and
- There will be no changes to the student individual scoring or reporting activities that are already in place.
- DOE has planned expenditures through the contract with NCS Pearson, Inc., totaling \$13,250,512 in FY22-23 and \$11,485,230 in FY23-24. The maximum liability under the contract with NCS Pearson, Inc., is \$17,358,420 in FY22-23 and \$17,362,740 in FY23-24.
- The proposed legislation is estimated to increase test assessment administration costs by \$504,230 in FY22-23 and subsequent years. The expenditure totals under the proposed changes are below the maximum liability in the contract with NCS Pearson, Inc. and it is reasonably estimated that DOE will have funds within their budget to meet the annual maximum liability allocation in FY22-23 and FY23-24.
- LEAs are required to administer credit assessments for foreign language courses that are nationally norm-referenced.
- It is estimated that approximately five percent of a cohort, or 3,500 students, will attempt to take early credit assessments for foreign language exams.
- The average cost of a foreign language exam is \$150. It is estimated that local expenditures will increase \$525,000 in FY22-23 and subsequent years (3,500 x \$150).
- SBE will be able to develop scoring guidelines within existing resources. Any fiscal impact to SBE is estimated to be not significant.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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